

Message Text

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17

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 FEA-02 FPC-01 IO-14 DRC-01 /206 W

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P R 081444Z JUL 74

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 2366

INFO AMEMBASSYBERN

AMEMBASSY BONN

AMEMBASSY EMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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E.O. 11652 N/A

TAGS: ETRD, GATT, SW

SUBJECT: MTN: PREPARATION OF PROTOTYPE SECTOR STUDY -
ELECTRICAL POWER GENERATING MACHINERY

REF: A. STATE 131800

B. STOCKHOLM A-400, OCT 13, 1972

C. STOCKHOLM A-284, AUG 13, 1971

D. STOCKHOLM A-408, OCT. 20, 1972

E. STOCKHOLM A-216, MAY 31, 1972

1. SUMMARY. REQUESTED STATISTICAL INFORMATION FOR
SWEDEN COVERING ELECTRIC POWER GENERATING MACHINERY
ARE NOT YET AVAILABLE BUT WILL BE SENT ASAP. ONE FIRM,
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ASEA, ACCOUNTS FOR NEARLY ALL OF SWEDISH OUTPUT. THERE

ARE NO SUBSIDIES ON PRODUCTION OR EXPORT; PURCHASE DECISIONS IN SWEDEN ARE MADE BY STATE POWER BOARD, MUNICIPALITIES, AND PRIVATE FIRMS, WHICH ARE END-USERS. FUTURE DEMAND TRENDS AND PROCUREMENT POLICIES OF STATE POWER BOARD APPEAR MOST IMPORTANT FOR U.S. EXPORT PROSPECTS IN THIS MARKET. END SUMMARY.

2. STATISTICAL DATA OF TYPE REQUESTED IN REF A ARE NOT AVAILABLE TO EMBASSY AT THIS TIME, EXCEPT FOR THOSE PROVIDED IN STOCKHOLM'S AIRGRAM (REF B ABOVE), WHICH COVER CALENDAR YEARS 1970 AND 1971. WE ARE INFORMED THAT 1972 PRODUCTION DATA SHOULD BECOME AVAILABLE FROM THE CENTRAL STATISTICAL BUREAU ON AN ADVANCE BASIS IN NEXT TWO WEEKS BUT THIS IS NOT CERTAIN BECAUSE OF VACATION SCHEDULE. ANOTHER PERTINENT AND SENSITIVE ASPECT OF DATA GATHERING IS THAT IN SWEDEN PRACTICALLY THE FULL PRODUCTION IS ACCOUNTED FOR BY ONE COMPANY, THE ASEA. WE ARE IN TOUCH WITH ASEA OFFICIALS BUT TO DATE HAVE NOT BEEN ABLE TO OBTAIN DESIRED INFO.

3. EMBASSY HAS FOLLOWING COMMENTS TO OFFER RE PRIORITY CHECK LIST QUESTIONS:

A. STRUCTURE OF INDUSTRY. AS NOTED ABOVE, ASEA ACCOUNTS FOR NEARLY ALL OF PRODUCTION OF ELECTRICAL POWER GENERATING EQUIPMENT AND MACHINERY, BUT THIS DOES NOT MEAN PURCHASES (STATE POWER BOARD AND PRIVATE FIRMS) DO NOT IMPORT SPECIALIZED EQUIPMENT. ASEA'S PRICING POLICY IS UNKNOWN BUT THEY DO NOT RECEIVE DIRECT SUBSIDIES EITHER FOR PRODUCTION OR FOR EXPORTS. ASEA IS CONTINUING TO EXPAND OUTPUT BUT CAPITAL INVESTMENTS FOR BTN CATEGORIES MENTIONED IN INSTRUCTIONS ARE NOT AVAILABLE. TOTAL CAPITAL EXPENDITURES IN 1973 FOR ASEA PARENT COMPANY AND GROUP TOTALLED SKR 116.8 MILLION, ABOUT 21 PERCENT HIGHER THAN IN 1972.

B. ROLE OF GOVERNMENT. GOVERNMENT DOES NOT DIRECTLY PARTICIPATE IN DECISIONS OF ASEA BUT THIS FIRM OWNS LIMITED OFFICIAL USE

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CLOSELY WITH GOVERNMENT OFFICIALS (INCLUDING STATE POWER BOARD) IN LONG-TERM PLANNING DECISIONS. ECONOMIC AID TO DEVELOPING COUNTRIES HAS TO DATE NOT INCLUDED BTN CATEGORIES UNDER DISCUSSION IN REF INSTRUCTIONS.

C. NON-TARIFF BARRIERS. THERE ARE NO SPECIFIC TECHNICAL OR OTHER REQUIREMENTS BARRING IMPORTS OF ELECTRICAL MACHINERY. THERE ARE HOWEVER ELECTRICAL STANDARDS

ESTABLISHED BY SEMCO (SWEDISH INSTITUTE FOR TESTING AND APPROVAL OF ELECTRICAL EQUIPMENT) WHICH, REPORTEDLY, ARE VERY STRICT BUT APPLY TO HOUSEHOLD APPLIANCES. THE STANDARDS ARE GENERALLY IN ACCORD WITH THOSE OF CEE (INTERNATIONAL COMMISSION ON RULES FOR THE APPROVAL OF ELECTRICAL EQUIPMENT), WHOSE CERTIFICATION SCHEME WENT INTO EFFECT IN 1963. INDUSTRIAL EQUIPMENT AND PARTS MUST MEET CERTAIN "NORMS" ESTABLISHED BY SWEDISH ELECTRO-TECHNICAL COMMISSION WHICH REPORTEDLY HAS WORKED WITH THE INTERNATIONAL ELECTRICAL COMMISSION (IEC). THE "NORMS" ARE CONTAINED IN SWEDISH LEGISLATION AND REGULATIONS (BOARD OF TRADE REGULATIONS NO. 8 OF 1960, AS AMENDED). THESE "NORMS" APPLY TO ALL SUPPLIERS, DOMESTIC AND FOREIGN. WE CANNOT JUDGE WHETHER THEY CONSTITUTE NTB'S FAVORING DOMESTIC PRODUCTS.

D. FOREIGN INVESTMENT REQUIREMENTS. THERE ARE NO RESTRICTIONS OR PRACTICES WHICH ADVERSELY AFFECT SWEDISH IMPORTS OF U.S. ELECTRICAL MACHINERY OR EQUIPMENT COVERED IN REFTEL A, THOUGH OBVIOUSLY PURCHASES BY THE STATE POWER BOARD AND MUNICIPALITIES ARE INFLUENCED BY DOMESTIC POLITICAL AND ECONOMIC SITUATION. PRIVATE FIRMS' PURCHASES ARE DETERMINED BY COMPETITIVE FACTORS FOR THE MOST PART. FOREIGN (ALIEN) FIRMS WISHING TO ESTABLISH BUSINESS IN SWEDEN ARE COVERED BY TERMS CONTAINED IN LAW NO. 555 OF NOVEMBER 29, 1968 CONCERNING THE RIGHT OF ALIENS AND FOREIGN COMPANIES TO CARRY ON BUSINESS IN SWEDEN. ALIENS WHO HAVE ESTABLISHED RESIDENCE IN SWEDEN ARE PERMITTED TO CONDUCT BUSINESS IN SWEDEN WITH RIGHTS EQUAL TO THOSE ACCORDED SWEDISH CITIZENS.

4. EMBASSY WILL SUBMIT REQUESTED STATISTICAL DATA ON PRODUCTION, TRADE, Q3, EMPLOYMENT, ETC. ASAP, BUT LIMITED OFFICIAL USE

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QUESTIONS WHETHER SUCH DATA WILL BE AVAILABLE IN THE DETAIL DESIRED. IN GENERAL, SINCE NEITHER SUBSIDIES NOR TRADE RESTRICTIONS APPLY TO ELECTRICAL MACHINERY AND EQUIPMENT TRADE IN SWEDEN, THE KEY QUESTIONS FOR FUTURE U.S. SALES DEPEND ON (1) FUTURE DEMAND TRENDS IN THIS COUNTRY, AND (2) PURCHASING POLICIES OF THE STATE POWER BOARD AND MUNICIPALITIES. WE SHOULD THEREFORE CONTINUE TO PRESS IN THE OECD GOVERNMENT PROCUREMENT EXERCISE FOR MAXIMIZING INTERNATIONAL BIDDING PROCEDURES FOR AS LARGE A SHARE OF SUCH PURCHASES AS POSSIBLE.
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